

Q1 FY 2021 Earnings Conference Call

30 July 2020

Guidance for Q2 FY 2021 & Historical End Market Data



Non-GAAP Information & Forward Looking Statements

Forward-Looking Statements

This release contains forward-looking statements and projections. Forward-looking statements and projections can often be identified by the use of forward-looking words such as “expect,” “believe,” “may,” “will,” “could,” “anticipate,” “estimate,” “continue,” “plan,” “intend,” “project” or other similar expressions. Statements that refer to or are based on projections, uncertain events or assumptions also identify forward-looking statements. Such forward-looking statements include, but are not limited to, statements related to the semiconductor market, the growth and acceptance of our products, expected revenue growth, the demand and growth in the markets we serve, opportunity for expansion into new markets, and our expectations regarding our business outlook for the September quarter. Undue reliance should not be placed on such forward-looking statements and projections, which speak only as of the date they are made. We undertake no obligation to update such forward-looking statements. Actual events and results may differ materially from those in the forward-looking statements and are subject to risks and uncertainties including, among others, the impact of the ongoing COVID-19 pandemic and related mitigation measures (which, in addition to presenting its own risks and uncertainties, may also heighten the other risks and uncertainties faced by our business and decrease our visibility into all aspects of our business), customer acceptance of our new products, current global economic conditions, our dependence on certain customers, trade and export restrictions, the condition and performance of our customers and the end markets in which they participate, our ability to forecast end customer demand, a high dependence on turns business, more customer volume discounts than expected, greater product mix changes than anticipated, fluctuations in manufacturing yields, our ability to deliver product in a timely manner, our ability to successfully manage production at multiple foundries, our reliance on third parties (including distributors), variability in wafer pricing, costs and liabilities associated with current and future litigation, our ability to generate cost and operating expense savings in an efficient and timely manner, our ability to realize the goals contemplated by our acquisitions and strategic investments, the impact of current and future legislative and regulatory changes, the impact of new accounting pronouncements and tax laws, including the U.S. Tax Cuts and Jobs Act, and interpretations thereof, and other risk factors described in our most recent Forms 10-Q and 10-K.

Non-GAAP Information & Forward Looking Statements

Non-GAAP Financial Information

Fiscal first quarter 2021 results and business outlook for the September quarter include financial measures which are not determined in accordance with the United States generally accepted accounting principles (GAAP), as indicated. Non-GAAP measures should not be considered as a substitute for, or superior to, financial measures determined in accordance with GAAP. The presentation of non-GAAP financial measures has been reconciled, in each case, to the most directly-comparable GAAP measure, as indicated in the accompanying tables. The Company's calculation of such non-GAAP measures may not be comparable to similarly-titled measures used by other companies.

Management uses the non-GAAP financial measures disclosed herein to evaluate the Company's financial results from continuing operations (excluding the impact of acquisitions) and compare to operating performance in past periods. Similarly, Management believes presentation of these non-GAAP measures is useful to investors because it enables investors and analysts to evaluate operating expenses of the Company's core business, excluding the impact of non-core business expenses such as acquisition-related amortization and non-recurring items.

M&A related expenses: These expenses mainly consist of legal and consulting fees associated with acquisition activities. The Company believes these costs do not reflect its current operating performance. Consequently, the non-GAAP adjustments exclude these charges to facilitate an evaluation of the Company's current operating performance and comparisons to its past operating performance.

Amortization of acquisition-related intangibles: Amortization of acquisition-related intangible assets consists of amortization of intangible assets such as developed technology acquired in connection with business combinations. The non-GAAP adjustments exclude these charges to facilitate an evaluation of the Company's current operating performance and comparisons to its past operating performance.

Income taxes: The Company excludes the income tax effects of non-GAAP adjustments reflected in operating expenses and other income, as detailed above, including a one-time charge of approximately \$57 million for the fiscal 2017 to fiscal 2020 impact of the Supreme Court's June 22, 2020, decision not to hear the Altera Corp. v. Commissioner ("Altera") case. Xilinx is not a party to the proceedings but is subject to the findings of the case. The Altera tax case concerns related party R&D cost sharing arrangements and whether stock-based compensation should be included in the pool of costs to be shared. With the Supreme Court's decision not to hear the Altera case, the decision of the Ninth Circuit (which would apply to taxpayers such as Xilinx) that stock-based compensation is to be included in the pool of costs to be shared remains in place. Despite the decision in Altera, the law remains unsettled and the Company will continue to monitor developments and the potential effect on its consolidated financial statements and tax filings. Please see "Note 14. Income Taxes" to our financial statements in our Form 10-K as filed with the SEC on May 8, 2020 for more details about the Altera case.

The Company also excludes other significant tax effects of post-acquisition tax integration transactions. The Company believes excluding post-acquisition tax integration items will facilitate a comparable evaluation of its current performance to its past performance. The second quarter of fiscal 2021 outlook does not reflect other tax related items which the Company is not able to predict without unreasonable efforts due to their inherent uncertainty.

Q2 FY 2021 Financial Guidance (as of 30 July 2020)

	<u>GAAP</u>	<u>Non-GAAP Adjustments</u>	<u>Non-GAAP</u>
Revenues	\$730M - \$780M	–	\$730M - \$780M
Gross Margin	68.5% - 71.5%	~1% (1)	69.5% - 72.5%
Operating Expenses	\$326M - \$340M	~\$(4M) (2)	\$322M - \$336M
Other Expense	~\$15M	–	~\$15M
Tax Rate	0% - 3%	~1% (3)	1% - 4%

Notes regarding Non-GAAP Adjustments:

- (1) Amortization of acquisition-related intangibles
- (2) M&A related expenses and amortization of acquisition-related intangibles
- (3) Income tax effect of Non-GAAP adjustments

Q1 Net Revenue by End Markets

<u>End Markets</u>	<u>Q1 '20</u>		<u>Q2 '20</u>		<u>Q3 '20</u>		<u>Q4 '20</u>		<u>Q1 '21</u>		<u>Q1 Change %</u>	
											<u>QTQ</u>	<u>YOY</u>
A&D, Industrial, and TME (AIT)	333.5	39%	302.1	36%	288.3	40%	374.5	50%	325.6	45%	-13%	-2%
Automotive, Broadcast, and Consumer (ABC)	124.0	15%	131.5	16%	134.6	19%	117.2	16%	88.5	12%	-24%	-29%
Wired and Wireless Group (WWG)	350.1	41%	320.5	38%	227.9	31%	184.5	24%	233.8	32%	27%	-33%
Data Center Group (DCG)	42.4	5%	81.2	10%	68.5	9%	78.2	10%	86.3	12%	10%	104%
Channel	<u>(0.4)</u>	<u>0%</u>	<u>(1.9)</u>	<u>0%</u>	<u>4.2</u>	<u>1%</u>	<u>1.8</u>	<u>0%</u>	<u>(7.5)</u>	<u>-1%</u>	<u>NM</u>	<u>NM</u>
Total Xilinx Revenue (\$M)	849.6	100%	833.4	100%	723.5	100%	756.2	100%	726.7	100%	-4%	-14%

Note: Table reflects new market classification methodology adopted in Q1 FY 2020

Glossary

- > **A&D:** Aerospace & Defense
- > **ABC:** Automotive, Broadcast and Consumer
- > **AIT:** A&D, ISM and TME
- > **DCG:** Data Center Group
- > **ISM:** Industrial, Scientific & Medical
- > **TME:** Test, Measurement & Emulation
- > **WWG:** Wired and Wireless Group



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